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Message Text

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64
ORIGIN ARA-03

INFO OCT-01 ISO-00 /004 R

66610
DRAFTED BY: ARA/ECP:MDAVILA
APPROVED BY: ARA/ECP:JO'MAHONY
---------- 109203
R 182241Z AUG 75
FM SECSTATE WASHDC
TO AMEMBASSY MEXICO
AMEMBASSY BUENOS AIRES
AMEMBASSY CARACAS
AMEMBASSY KINGSTON
AMEMBASSY QUITO
AMEMBASSY BOGOTA
AMEMBASSY LIMA

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FOLLOWING REPEAT MTN GENEVA 6405 ACTION SECSTATE INFO
BRASILIA 15 AUG

QUOTE

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PASS STR

E.O. 11652: N/A
TAGS: ETRD, GATT
SUBJECT: QR CONSULTATIONS

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1. THE FOLLOWING NOTE RECEIVED TODAY FROM BRAZIL
VIA THE GATT SECRETARIAT IN RESPONSE TO U.S. RE-
QEUST FOR QR CONSULTATION:

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QUOTE: IN CONNEXION WITH YOUR LETTERS CGT/803-
8.2, DATED JUNE 18 AND 24, 1975, WHEREWITH YOU TRANS-
MITTED TO ME THE NOTIFICATIONS AGAINST BRAZIL BY THE
EUROPEAN COMMUNITIES AND THE UNITED STATES DELEGA-

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TIONS ON "QUANTITATIVE RESTRICTIONS AND MEASURES OF
A SIMILAR EFFECT", IN THE FRAMEWORK OF THE PROCEDURE
OF BILATERAL OR PLURILATERAL CONSULTATIONS AND DIS-
CUSSIONS AGREED TO BY THE SUB-GROUP "QUANTITATIVE
RESTRICTIONS" AT ITS MEETING OF APRIL LAST, I HAVE
THE HONOUR TO INFORM YOU, UPON INSTRUCTIONS FROM
MY GOVERNMENT, THAT THE BRAZILIAN DELEGATION IS
NOT PREAPRED TO ENTER INTO CONSULTATIONS OR DIS-
CUSSIONS ON THE AGOVE-MENTIONED NOTIFICATIONS MADE
BY OUR DEVELOPED TRADING PARTNERS UNTIL SUCH TIME
WHEN ONE WOULD BE IN A POSITION TO ASCERTAIN THE
ADDITIONAL BENEFITS THAT SHOULD ACCRUE FOR THE
TRADE OF DEVELOPING COUNTRIES, AS STATED IN THE
TOKYO DECLARATION, AND IN THE LIGHT OF DEVELOPMENTS
IN THE MULTILATERAL TRADE NEGOTIATIONS AS A WHILE
AND IN THE FIELD OF NON-TARIFF BARRIERS AND QUAN-
TITATIVE RESTRICTIONS, IN PARTICULAR.

"IN ADDITION, IN THE CASE OF THE NOTIFICATION MADE
BY THE EUROPEAN COMMUNITIES, IT SHOULD BE POINTED OUT
THAT 'EXPORT RESTRICTIONS' ARE NOT COVERED IN THE
TOKYO DECLARATION AND NO AGREEMENT HAS BEEN REACHED
ON WHETHER, AND IF SO, HOW, SUCH MATTERS WOULD BE
DEALT WITH IN THE FRAMEWORK OF THE MULTILATERAL
TRADE NEGOTIATIONS." END UNCLASSIFIED.

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2. BRAZILIAN DELEGATION, WHICH ACTED ON INSTRUCTION
FROM BRASILIA, INFORMALLY ADVISED USDEL NOT TO TAKE
THEIR ACTION TOO SERIOUSLY, EMPHASIZING THAT THIS
WAS A NEGOTIATING POSTION AT THIS STAGE OF THE
NEGOTIATIONS. HOWEVER, THEY BELIEVE THAT AGREEMENT
ON IMPLEMENTATION OF MULTILATERAL COMMITMENT TO
SPECIAL AND DIFFERENTIATED TREATMENT IS NECESSARY BEFORE
SUBSTANTIVE DISCUSSIONS CAN BEGIN (MEMCON POUCHED STR).
BRAZIL DEL SIMILARLY HAS NOT NOTIFIED OTHER COUNTRIES OF QR'S
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IT WISHES TO DISCUSS WITH THEM.

3. USDEL DOES NOT BELIEVE THAT IT WOULD BE PRODUCTIVE AT THIS
TIME TO RESPOND TO BRAZIL'S POSITION ON EXPORT RESTRAINTS
SINCE IT IS DIRECTED TOWARDS THE EC. RESPONSE ON CONTENTION
THAT ER'S NOT COVERED BY TOKYO DECLARATION SHOULD BE DEALT
WITH IN MORE GENERAL CONTEXT OF APPROPRIATE WORKING GROUPS
THIS FALL.

4. USDEL BELIEVES, HOWEVER, THAT BRAZIL'S POSITION ON QR
CONSULTATIONS WARRANTS FORMAL REPLY. REFUSAL TO CONSULT ON
ANY QR, AS OPPOSED TO QR'S ON AGRICULTURAL PRODUCTS, IS

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CONTRARY TO THE AGREEMENT OF THE QR SUBGROUP. FOR THIS REASON WE DO NOT BELIEVE THAT RESPONSE TO BRAZIL WOULD BE VIEWED AS SINGLING OUT LDC'S FOR CRITICISM WHEN WE DID NOT RESPOND TO EC AND NORDIC POSITION ON AGRICULTURE QR'S. WE ARE ALSO CONCERNED THAT THIS IS OMINOUS PRECEDENT FOR BRAZIL'S ACTION ON OTHER GROUPS.

5. WE WOULD PROPOSE RESPONSE ON FOLLOWING LINES:

QUOTE:

SIR:

I REFER TO YOUR LETTER OF AUGUST 7 TRANSMITTED TO THIS DELEGATION BY THE GATT SECRETARIAT CONCERNING THE UNITED STATES' REQUEST FOR CONSULTATIONS ON QUANTITATIVE RESTRICTIONS MAINTAINED BY YOUR COUNTRY.

THIS DELEGATION ACKNOWLEDGES WITH CONCERN THE REFUSAL BY YOUR DELEGATION TO PARTICIPATE IN BILATERAL OR PLURILATERAL CONSULTATIONS OR DISCUSSIONS ON QUANTITATIVE RESTRICTIONS. AT THE NON-TARIFF MEASURES SUB-GROUP MEETING ON QUANTITAITVE RESTRICTIONS OF APRIL 22-30, 1975, IT WAS AGREED, INTER ALIA, THAT:

"AS AN INITIAL STEP TOWARDS THE WORKING OUT OF SOLUTIONS, A PROCESS OF INFORMATION, EXAMINATION AND DIALOGUE WOULD BE UNDERTAKEN WITH RESPECT TO EXISTING QUANTITATIVE RESTRICTIONS. THIS PROCESS SHOULD ELUCIDATE, INTER ALIA, WHETHER RESTRICTIONS
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ARE MAINTAINED IN ACCORDANCE WITH THE GENERAL AGREEMENT AND SHOULD ALSO ELUCIDATE THE ECONOMIC AND SOCIAL CIRCUMSTANCES UNDERLYING PARTICULAR RESTRICTIONS IN IMPORTING COUNTRIES.

"THIS PROCESS OF INFORMATION, EXAMINATION AND DIALOGUE WOULD TAKE PLACE THROUGH DETAILED BILATERAL OR PLURILATERAL CONSULTATIONS OR DISCUSSIONS BETWEEN COUNTRIES MAINTAINING RESTRICTIONS AND COUNTRIES NOTIFYING A DIRECT TRADE INTEREST IN THESE RESTRICTIONS THROUGH THE SECRETARIAT. THESE CONSULTATIONS OR DISCUSSIONS MIGHT INCLUDE SPECIFIC SUGGESTIONS FOR ACTION IN REGARD TO INDIVIDUAL RESTRICTIONS. FLEXIBILITY SHOULD BE ALLOWED FOR DEVELOPING COUNTRIES TO PARTICIPATE ADEQUATELY IN THIS PROCESS."

WE BELIEVE THAT YOUR REPLY TO OUR REQUEST TO INITIATE THE ABOVE PROCEDURE IS INCONSISTENT WITH THIS AGREEMENT AS CONTAINED IN MTN/NTM/2.

IN REGARD TO THE STATEMENT IN YOUR LETTER THAT "THE BRAZILIAN DELEGATION IS NOT PREPARED TO ENTER INTO CONSULTATIONS

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OR DISCUSSIONS ON THE ABOVE MENTIONED NOTIFICATIONS MADE BY OUR DEVELOPED TRADING PARTNERS UNTIL SUCH TIME WHEN ONE WOULD BE IN A POSITION TO ASCERTAIN THE ADDITIONAL BENEFITS THAT SHOULD ACCRUE FOR THE TRADE OF DEVELOPING COUNTRIES," THIS DELEGATION DOES NOT UNDERSTAND HOW THESE ADDITIONAL BENEFITS COULD BE DETERMINED WITHOUT THE INITIATION OF THE CONSULTATIVE PROCESS.

THE UNITED STATES HAS STATED IN THE PAST THAT WE ARE WILLING TO CONSIDER, ON A PRIORITY BASIS, QUANTITATIVE RESTRICTIONS OF INTEREST TO THE DEVELOPING COUNTRIES. WE HAD HOPED THAT THE PROCESS OF NOTIFICATION CONSULTATION ENVISIONED BY THE QUANTITATIVE RESTRICTIONS SUB-GROUP WOULD PROVIDE THIS BASIC INFORMATION. IN THIS CONNECTION, THIS DELEGATION HAS, TO DATE, RECEIVED QUANTITATIVE RESTRICTION NOTIFICATIONS AND REQUESTS FOR CONSULTATIONS FROM EIGHT DEVELOPING COUNTRIES. THIS DELEGATION HAD HOPED THAT BRAZIL, AS A LEADER AMONG THE DEVELOPING COUNTRIES, WOULD ALSO PARTICIPATE IN THIS MUTUALLY ADVANTAGEOUS EXCHANGE OF INFORMATION.

FOR THE ABOVE REASONS, AND TO ENSURE THAT THE PROCESS OF THE NEGOTIATIONS CONTINUES APACE, THIS DELEGATION URGES YOUR
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GOVERNMENT TO RECONSIDER YOUR REFUSAL TO INITIATE CONSULTATIONS AT THIS TIME.

UNQUOTE. WALKER UNQUOTE SISCO

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